

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-01 INR-07 L-03 NSAE-00
NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 ACDA-07
TRSE-00 OMB-01 MC-02 NEA-10 SAJ-01 /079 W
-----171856Z 067943 /47

R 171547Z JAN 77
FM AMEMBASSY VIENNA
TO SECSTATE WASHDC 0527
INFO AMEMBASSY BELGRADE
AMEMBASSY BONN
AMEMBASSY BUDAPEST
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY PRAGUE
USMISSION NATO
SECDEF WASHDC
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 1 OF 2 VIENNA 0356

E.O. 11652: GDS
TAGS:PFOR, MPOL, UR, AU
SUBJECT: DEFENSE MINISTER'S FUTURE UNCERTAIN IN WAKE OF ANOTHER
MILITARY SALES SCANDAL

REFS: (A) VIENNA 0267, (B) VIENNA 76 10447

1. BEGIN SUMMARY: AUSTRIAN MEDIA GAVE MAJOR PLAY LATE LAST
WEEK TO ANOTHER MILITARY SALES SCANDAL, INVOLVING THIS TIME
AN ATTEMPTED DELIVERY IN EARLY DECEMBER OF 600 RIFLES AND
400,000 ROUNDS OF AMMO TO SYRIA. PRESS INDICATIONS SUGGESTED
DEFENSE MINISTRY IRREGULARITIES WERE PARTIALLY AT FAULT
AND IMPLICATED AS KEY OFFICIAL GENERAL TOMSCHITZ WHO
WAS SUSPENDED FROM OFFICE IN DECMEBER IN CONNECTION WITH
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EARLIER QUESTIONABLE PROCEDURES IN OFFICE OF PROCUREMENT
WHICH HE HEADED. KREISKY'S INITIAL REACTION TO LATEST
SCANDAL SET STAGE FOR POSSIBLE DISMISSAL OF DEFENSE
MINISTER SHOULD SUCH BE DESIRED. LUETGENDORF ON HIS
PART HAS MADE EFFORT TO HANG ON TO POST OR, IF FORCED
TO GO, TO LEAVE OVER MISSILE CONTROVERSY. KREISKY HAS
ASKED FOR FULL REPORT FROM DEFENSE MINISTRY BY JANUARY

18 ON ARMS DEALS AS WELL AS ON MISSILE CONTROVERSY.
REPORT AND CHANCELLOR'S ASSESSMENT OF POLITICAL
SITUATION IN WAKE OF CONTROVERSY OVER ARMS SALES AND
MISSILES ARE LIKELY TO BE KEY FACTORS
IN DETERMINING LUETGENDORF'S FUTURE AS DEFENSE
MINISTER. END SUMMARY.

2. ANOTHER MILITARY SALES SCANDAL BECAME PUBLIC KNOWLEDGE
LAST WEEK, RAISING SERIOUS DOUBTS AS TO CONTINUATION
OF DEFENSE MINISTER LUETGENDORF IN OFFICE. INVOLVED
WAS AN ATTEMPTED DELIVERY IN EARLY DECEMBER OF 600
SHARP-SHOOTER RIFLES AND 400,000 ROUNDS OF
AMMUNITION TO SYRIA. SHIPMENT WHICH WAS READY FOR
LOADING ON BULGARIAN AIRCRAFT AT VIENNA AIRPORT WAS
STOPPED BY CUSTOMS OFFICIALS WHO QUESTIONED DOCUMENTA-
TION OF SHIPMENT SINCE AUSTRIAN PRACTICE AS NEUTRAL IS
NOT TO SHIP WEAPONS INTO AREAS OF TENSION OR ARMED
CONFLICT. ARMS TRADER ALOIS WEICHSELBAUER, WHO
ARRANGED DEAL, INITIALLY CLAIMED THAT AUSTRIAN
SHIPPING COMPANY MADE ERROR AND THAT ARMS WERE ACTUALLY
DESTINED FOR TUNISIA AS PART OF EARLIER SALE OF ARMORED
VEHICLES. CONTRADICTORY STATEMENTS REGARDING CONTROL
OVER AND PROBABLY DESTINATION OF AMMO BY VARIOUS PARTIES
INVOLVED IN TRANSACTION (STEYR WORKS, ARMS
TRADER AND DEFENSE MINISTRY) SUGGEST AT MINIMUM
QUESTIONABLE PROCEDURES WERE OBSERVED IN ATTEMPTING
TRANSACTION. STEYR WORKS REPORTEDLY HAD INITIALLY
BORROWED AMMO FROM DEFENSE MINISTRY STOCKS FOR TUNISIAN
DEAL BUT HAD LATER INFORMED DEFENSE MINISTRY OF
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CANCELLATION OF AMMO PORTION OF TRANSACTION. NOTICE
OF CANCELLATION CONFIRMED BY DEFENSE MINISTRY PROCUREMENT
OFFICE HEAD GENERAL TOMSCHITZ (WHO WAS SUSPENDED FROM
DUTIES EARLY DECEMBER PENDING INVESTIGATION CONCERNING
IRREGULARITIES IN HIS OFFICE, REFTEL B).

3. INITIAL DEFENSE DEPARTMENT REPORT TO CHANCELLOR
EXPLAINING BACKGROUND OF ATTEMPTED ARMS SALES TO SYRIA
WAS EITHER INCOMPLETE OR TENDENTIOUS. KREISKY SUGGESTED
SAME WHEN, IN RESPONSE TO PRESS QUERY JANUARY 14, HE
SAID HE WAS DETERMINED TO GET FULL REPORT ON ARMS
DEAL AS WELL AS "ALL QUESTIONABLE PROCEEDINGS" IN
AUSTRIAN DEFENSE MATTERS, INCLUDING QUESTION OF MISSILES
(LATTER POINT REFERS TO FACT THAT AUSTRIAN MILITARY
HAVE BAZOOKAS AND ROCKET BATTERIES, FACT WHICH KREISKY
INDICATED HE WAS NEVER TOLD). IN SAME CONTEXT KREISKY
COMPLAINED ABOUT "SECRET SERVICE METHODS" USED BY DEFENSE

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MINISTERS IN FORM OF FALSE OR INCOMPLETE INFORMATION
TO ACHIEVE THEIR OBJECTIVES.

4. IN ADDITION TO CONTROVERSY SWIRLING AROUND
LUETGENDORF OVER LATEST ARMS SALE SCANDAL, DEFENSE
MINISTER CONTINUED LAST WEEK TO TAKE POLITICAL BATTERING
OVER HIS AGGRESSIVE STANCE ON AUSTRIA'S NEED FOR MISSILES.
ON JANUARY 12, FOREIGN MINISTER PAHR WEIGHED IN WITH
SHARPLY CRITICAL STATEMENT ("DIA PRESS" - JANUARY 13)
CONDEMNING LUETGENDORF FOR INVOLVING SELF "IN QUESTION
WHICH - PARDON ME FOR PUTTING IT SO BLUNTLY - IS NONE
OF HIS BUSINESS." PAHR WENT ON THAT WHAT IS PERMISSIBLE
UNDER STATE TREATY IS QUESTION OF INTERPRETING
INTERNATIONAL TREATY AND THUS IS MATTER FOR FOREIGN
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MINISTRY.

5. KREISKY, WHO HAD CALLED TOGETHER GOVERNMENT IN CARINTHIA FOR TWO-DAY MEETING (JANUARY 14-15) TO MAP DOMESTIC ECONOMIC STRATEGY FOR NEXT SIX MONTHS, SUDDENLY FOUND TO HIS OBVIOUS ANGER TWO GOVERNMENT MINISTERS SQUABBLING PUBLICLY OVER THEIR RESPECTIVE COMPETENCIES AND MAJOR INTEREST OF MEDIA FOCUSED NOT ON ECONOMIC POLICY BUT ON LUETGENDORF'S FUTURE AS DEFENSE MINISTER. AS FOR PAHR JAB AT LUETGENDORF, KREISKY SAID HE FELT FOREIGN MINISTER HAD ACTED IMPULSIVELY IN MAKING STATEMENT AND THAT SUCH TONE OF SPEECH WAS NOT APPROPRIATE FOR MINISTERS IN DEALING WITH ONE ANOTHER.

6. ON JANUARY 18, DEFENSE COUNCIL AND FOREIGN AFFAIRS COUNCIL, ADVISORY MIXED EXECUTIVE-PARLIAMENTARY BODIES, WILL MEET FOR INFORMATIONAL DISCUSSIONS ON RANGE OF QUESTIONS ASSOCIATED WITH STATE TREATY, ARTICLE 13 MISSILE BAN, AUSTRIAN NEUTRALITY, ARMS SALES, ETC. MEETING OF FOREIGN AFFAIRS COUNCIL WAS ARRANGED LAST WEEK AT REQUEST OF OPPOSITION PEOPLE'S PARTY WHICH WILL ATTEMPT TO KEEP CONTROVERSY BEFORE PUBLIC IN EFFORT TO DISCREDIT CHANCELLOR'S HANDLING OF MISSILE ISSUE AND IN BROADER CONTEXT GOA CONDUCT OF AUSTRIAN DEFENSE AND FOREIGN POLICIES.

7. PUBLIC COMMENTS BY KREISKY ON DEFENSE MINISTRY PRACTICES HAVE SET STAGE FOR EASING OUT OF LUETGENDORF FROM OFFICE, SHOULD KREISKY SO DESIRE. KREISKY HAS SHIFTED FOCUS OF ATTENTION AWAY FROM MISSILES TO QUESTION OF LUETGENDORF'S MANAGEMENT OF DEFENSE MINISTRY WHERE LATTER SEEMS TO BE MORE VULNERABLE IN VIEW OF PENDING INVESTIGATION OF TOMSCHITZ'S MURKY STEWARDSHIP OF PROCUREMENT OFFICE. LUETGENDORF'S CREDIBILITY HAS BEEN IMPAIRED AND HIS USEFULNESS TO KREISKY HAS NO DOUBT BEEN DIMINISHED IN WAKE OF CONFIDENTIAL

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CONTROVERSY OVER MISSILES AND ARMS DEALS. CHANCELLOR, HOWEVER, FINDS PERSONAL CONFRONTATIONS DISTASTEFUL AND HAS POOR TRACK RECORD FOR BEING DECISIVE ON SUCH OCCASIONS. LUETGENDORF HIMSELF IS ENGAGED IN WHAT OUTWARDLY SEEMS TO BE EFFORT TO HANG ON TO MINISTERIAL SEAT. AT SAME TIME, SHOULD HE FEEL HIS POSITION HAS BECOME COMPLETELY UNTENABLE, HE CAN WITH SOME JUSTICE CLAIM HIS DEMISE WAS DUE TO POLICY DIFFERENCES OVER AUSTRIA'S NEED FOR VIABLE DEFENSE, BASED ON MISSILES AND INTERCEPTORS. IT APPEARS THAT KREISKY IS STILL KEEPING HIS OPTIONS OPEN ON LUETGENDORF'S FUTURE AND THAT JANUARY 18 DEFENSE MINISTRY REPORT AND CHANCELLOR'S ASSESSMENT OF DAMAGE

OF CONTROVERSY TO HIS GOVERNMENT WILL BE KEY FACTORS
IN DETERMINATION WHETHER LUETGENDORF REMAINS AS
MINISTER OF DEFENSE.BUCHANAN

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